CANADA·SASKATCHEWAN
Crop Insurance

Annual Report
1990 - 1991

Saskatchewan
Crop Insurance
Corporation

Agriculture
Canada

Saskatchewan
Crop Insurance
Corporation

Hon. Darrel Cunningham
Minister Responsible

Saskatchewan Crop Insurance Corporation

Annual Report

For the year ending March 31, 1991

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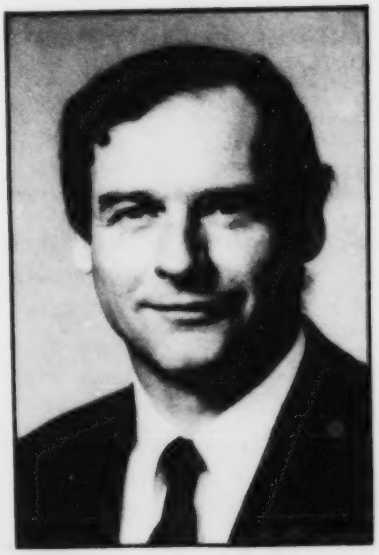


Her Honour
The Honourable Sylvia O. Fedoruk
Lieutenant Governor of the Province of Saskatchewan

Dear Madam:

I have the honour to transmit herewith the Annual Report of the Saskatchewan Crop Insurance Corporation for the year ended March 31, 1991 including the financial statements therefore, audited by Peat Marwick Thorne in the form approved by the Treasury Board, all in accordance with the Saskatchewan Crop Insurance Act, 1984.

I have the honour to be, Madam,
Your Obedient Servant,

Darrel Cunningham
Minister Responsible For
Saskatchewan Crop Insurance Corporation

To the Honourable Darrel Cunningham
Minister Responsible
Saskatchewan Crop Insurance Corporation
Regina, Saskatchewan

Sir:

Presented herewith is the thirtieth Annual Report of the Saskatchewan Crop Insurance Corporation for the fiscal year ended March 31, 1991.

Respectfully submitted,
Saskatchewan Crop Insurance Corporation

William Farley
Chairman

W. J. Dent
President

OVERVIEW

Program Background

The Saskatchewan Crop Insurance Corporation has administered the Canada-Saskatchewan Crop Insurance Program since 1961.

The Primary objective of the Canada-Saskatchewan Crop Insurance Program is to make available to the farmers of the province a comprehensive, all-risk Crop Insurance plan. The availablilty of the program provides a stabilizing effect on farm income in years of heavy crop losses.

The Program offers protection against crop loss that is due to natural hazards. Insured producers are guaranteed a minimum production of the designated grade for each crop. Spot-loss protection is provided for losses due to hail or fire. The costs of reseeding are covered on a similar basis under the reseeding benefit. Protection is available against the inability to seed insured acreage due to excessive moisture. Coverage is also available to Saskatchewan honey producers to ensure a guaranteed level of production.

The Saskatchewan Crop Insurance Corporation provided coverage to approximately 46,500 farm producers.

Objectives:

Under the Crop Insurance Act, Statutes of Saskatchewan, 1983-84, Chapter C-47.2, the Corporation is empowered to:

(a) Engage in the business of crop insurance by making available actuarily sound insurance programs to eligible producers.

(b) Administer the Crop Insurance Fund;

(c) Provide such facilities and employees as are needed to carry out the authority and responsibility of the Corporation; and,

(d) Make grants to producers suffering crop losses from damage caused by migratory waterfowl.

Financial participation Governments of Canada and Saskatchewan

The Governments of Canada and Saskatchewan each contribute 25 per cent of the total premium which totalled $115 million for 1990-91.

The Governments of Canada and Saskatchewan each contributed 50 per cent of the administration costs which totalled $23 million for 1990-91.

CORPORATE DIRECTORY

Chairman's Message

In 1990-91, The Saskatchewan Crop Insurance Corporation held 46,500 contracts, down from 49,267 the previous year.

Total liability and insured acres also decreased from $1.9 billion and 25.3 million acres to $1.7 billion and 24 million acres respectively.

The total number of claims dropped substantially from 85,000 in 1989 with the corporation paying out $449.6 million in indemnities, to 44,000 claims in 1990 with indemnitities of $184.9 million.

In 1990, to meet the demands of Saskatchewan farmers, a new personalized insurance program was introduced. Coverage could now be based entirely on the performance of each individual producer. The number of customers insured under individual insurance rose dramatically in 1990 with the introduction of this new program. 37,000 customers chose individualized coverage, compared to only 1,700 the previous year.

The marketing agent system of delivering programs and service to customers also became fully operational in 1990, directly contributing toward the success of implementing individualized insurance. By personally meeting with, and explaining the program to farm customers, a greater level of program understanding has been established throughout the province.

The Board of Directors of Saskatchewan Crop Insurance Corporation are committed to ensuring that Saskatchewan farmers have the best possible opportunity to farm successfully by providing increased levels of service and modern programs.

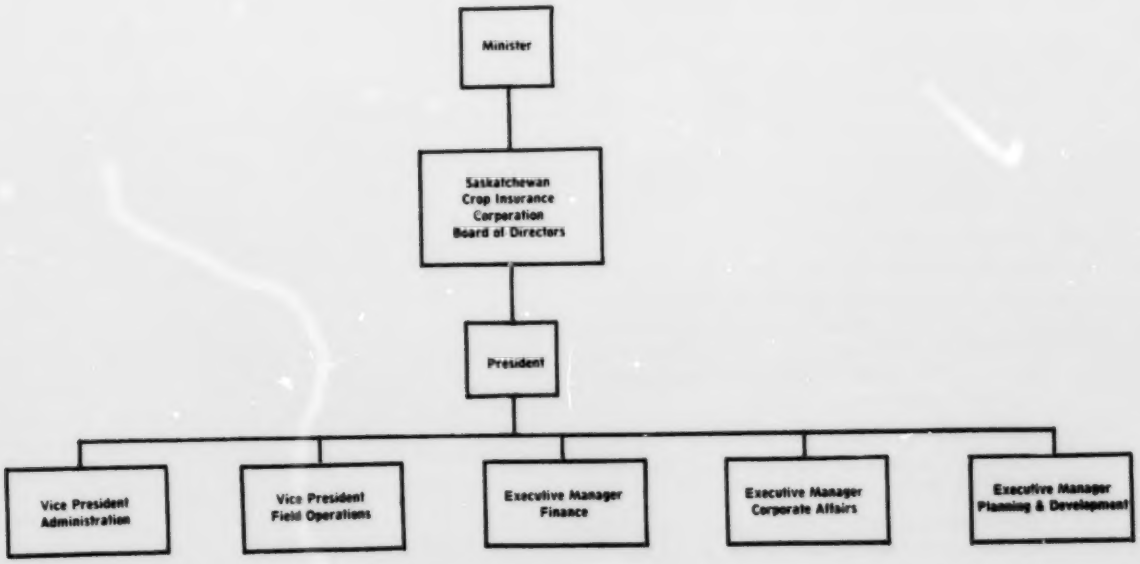
CORPORATE DIRECTORY

Corporation's Principal Officers

The principal officers of the Corporation for 1990-91 were:

William Dent, President
Henry Schappert, A/Vice President, Field Operations
Jim Walters, Vice President Administration
Ron Osika, Executive Manager, Corporate Affairs
Keith Hayward, A/Executive Manager, Planning and Development
Walter Charabin, Executive Manager, Finance

Saskatchewan Crop Insurance Corporation Organization Chart



PROGRAM FEATURES

Insurable causes of loss:
Protection was provided against crop losses caused by any of nature's uncontrollable hazards including: drought, flood, frost, hail, fire, excessive rain, snow, hurricane, tornado, wind, wildlife, insect pests and plant disease.

Crops insurable:
Hard red spring wheat, durum wheat, utility wheat, winter wheat, barley, oats, fall rye, spring rye, flax, canola, tame mustard, sunflowers, field peas, lentils, fababeans, canary seed, soft white spring wheat, sweetclover, triticale and honey.

The Livestock Feed Insurance Program was introduced in 1989. This program covered tame and native forages on an area base.

Honey insurance:
Honey insurance was provided to approximately 30 producers in the three production regions.

Types of insurance:

(i) **Production guarantee:**
Each producer was guaranteed a minimum quantity of production for each crop insured. The insured was indemnified if the yield on the insured acreage fell below this minimum.

(ii) **Quality guarantee:**
Production of each insured crop was guaranteed to grade at least as high as the designated grade for that crop. An insured's production was adjusted downwards if the quality was below that of the designated grade.

(iii) **Hail/fire spot-loss benefit:**
Spot-loss coverage was provided for hail and fire damage.

Coverage for hail or fire damage was equal to the yield-loss coverage selected for each crop. Spot-loss indemnities did not lower the production guarantee, but indemnities from both spot-loss and yield-loss could not exceed the production guarantee.

(iv) **Establishment benefit:**
The establishment benefit was paid to producers when a crop failed to establish due to insurable causes, up to the final seeding date. Payments were made on a spot-loss basis and did not affect yield-loss coverage on the reseeded crop.

(v) **Unseeded acreage option:**
This option allowed producers to insure against excessive moisture conditions that made it impossible to seed intended acreage by the seeding deadline.

(vi) **Individual coverage option:**
This feature provided the insured with the option of selecting coverage based on individual rather than area yields. Coverage was provided at levels between 50 and 80 percent of the average yield for the last ten years. As data was collected for this option, the relationships established were used to replace the area-based figures. Individual coverage selection applied to all crops except sweetclover.

(vii) **Pedigreed seed option:**
This option was available to members of the Canadian Seed Growers Association. It provided a higher price option for all pedigreed crops with the exception of sweetclover.

PROGRAM FEATURES

Multi Year Disaster Benefit Program
Under the Multi Year Disaster Benefit Program, enhanced coverage was provided to producers in areas where major crop losses occured in successive years. The program was a federal-provincial initiative to deal with multi-year crop disasters through the crop insurance program, rather than through the use of ad-hoc programs. The program was part of a comprehensive strategy to provide disaster relief in the Prairie Provinces in the event of successive years of widespread crop loss. The additional coverage was intended to provide increased compensation to offset the dramatic impact that consecutive disaster losses had on local economies.

Insured producers selecting area-based coverage had their chosen coverage of either 60% or 70% increased by an additional 10% of average yield in areas that qualified for enhanced coverage. Qualifying areas were those in a 4 R.M. block that had 2 consecutive payouts of at least 20% of liability.

Coverage adjustment:
Base coverages were established according to the average yield for each risk area. The coverage adjustment feature relates coverage more closely to the actual yields of an individual farm. An insured's coverage is increased or reduced depending on his experience with a particular crop within the Crop Insurance Program.

With favorable experience, the coverage may increase up to 125 per cent of the base coverage, while with less favorable experience, the coverage may be reduced as low as 70 per cent of the base. Adjustments are determined by the accumulated loss to premium ratio for that crop.

Experience discount:
In recognition of differences in risks between individual farmers, this feature provides a reduction in premiums to producers who accumulate no-loss years in the Program.

Each year in the Program without a loss results in a gradual reduction in premium to a maximum discount of 50 per cent. When losses occur, the premium is adjusted upwards again, based on the amount of loss relative to the premium paid, however, the discount can never fall below zero.

Price options:
Low, high, and variable price options were available for each insured crop. The price selected was used to determine the indemnity payable if a shortfall in production occured. Price options are reviewed annually with consideration for prevailing market prices and costs of production.

Coverage and premium rates:
The province is divided into 23 risk areas so that coverage and premium rates could be established for each crop in accordance with the crop yield history and risks common to each area. Coverage for each crop is based on 60 to 70 per cent of the recent 15 year average yield for summerfallow and stubble in each risk area. Higher coverage is afforded to summerfallow than to stubble crops.

The premium rate for each risk area is based on the cropping history and yield variability within the area for the past 25 years.

A land productivity rating has been established for each quarter section based on the productive capability of the soil. The land rating establishes the coverage and premium rate assigned to each quarter section.

Irrigated crops are provided coverage at rates in accordance with the increased yields and reduced risk resulting from an assumed water supply.

SUMMARY 1990-91

General Summary

In 1990-91 the Saskatchewan Crop Insurance Corporation had approximately 46,500 contract holders, down approximately 2,500 from 1989.

Liability exceeded $1.7 billion in 1990 representing close to 24 million seeded acres.

Revenues for 1990 totalled $239.4 million compared to $268.9 million in 1989.

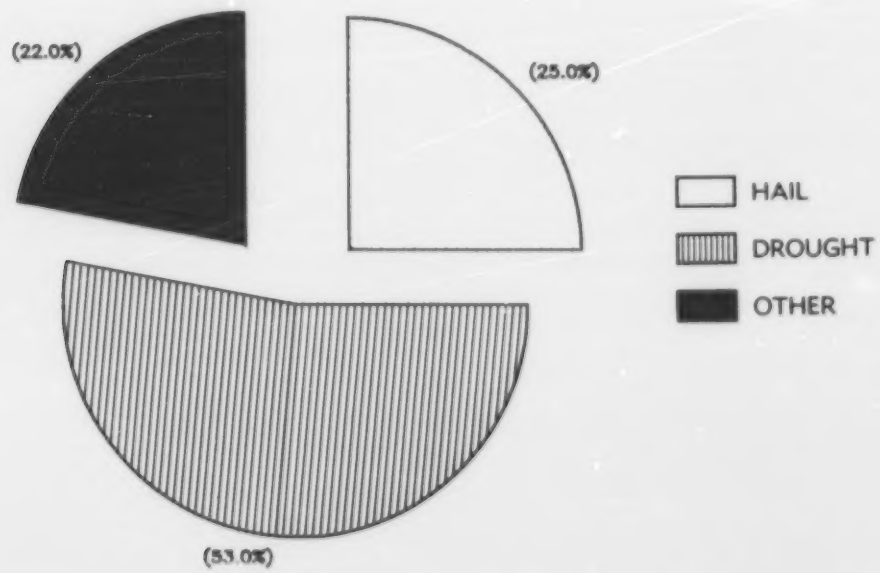
SUMMARY 1990

Summary of Coverages and Indemnities

	Crop Year 1989	1990
Customers	49,267	46,523
Acres (M)	25.4	24.0
Liability (B)	$ 1.942	$ 1.714
Revenue (M)	$ 268.9	$ 239.4
Indemnities (M)		
Spot-loss hail	$ 59.8	$ 39.5
Yield loss	$ 385.5	$ 116.0
Reseeding benefit	$ 4.4	$ 2.6
Unseeded acres	$ 0	$ 0
Total	$ 449.7	$ 158.1
Loss Ratio	1.67	0.66

Of all indemnities paid, 53 per cent were due to drought and 25 per cent due to hail. Of the 102,577 crops insured, 36,538 received indemnities.

1990 Causes of Loss



SUMMARY 1990

Claims Summary

	Crop Year 1989	1990
Pre-Harvest	2,173	2,838
Post-Harvest	61,612	16,560
Reseeding Benefit	2,885	2,499
Unseeded Acres	4	2
Spot-Loss Hail	18,191	21,846
Spot-Loss Fire	19	50
	84,884	43,795

KPMG Peat Marwick Thorne

Financial Statements of

Saskatchewan Crop Insurance Corporation

Year ended March 31, 1991

SASKATCHEWAN CROP INSURANCE CORPORATION

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March 31, 1991

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KPMG Peat Marwick Thorne

Chartered Accountants

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AUDITORS' REPORT

To the Members of the Legislative Assembly
Province of Saskatchewan

We have examined the balance sheet of Saskatchewan Crop Insurance Corporation as at March 31, 1991 and the statements of operations and retained earnings and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 1991 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Peat Marwick Thorne

Regina, Canada

May 30, 1991

Member Firm of
Klynveld Peat Marwick Goerdeler

SASKATCHEWAN CROP INSURANCE CORPORATION

Balance Sheet

March 31, 1991, with comparative figures for 1990

		1991	1990 (restated)
Assets			
Cash	$	1,012,048	–
Inventory		348,682	127,453
Prepaid expenses		145,868	121,934
Investments		5,172,262	1,548,741
Accounts receivable (note 4)		17,554,716	30,925,267
Premiums receivable (less allowance for doubtful accounts - $4,104,863; 1990 - $3,928,356)		9,716,937	3,799,635
Due from Crop Reinsurance Fund of Saskatchewan		176,951,595	194,998,279
Due from Crop Reinsurance Fund of Canada for Saskatchewan		–	404,702,164
Fixed assets (note 5)		3,086,479	2,436,285
	$	213,988,587	638,659,758
Liabilities and Equity			
Liabilities:			
Outstanding cheques less cash in bank	$	–	48,635,210
Accounts payable and accrued liabilities		2,611,722	1,803,163
Indemnities payable		4,297,676	8,693,545
Capital lease obligation (note 6)		4,813,618	2,299,715
Due to Minister of Finance (note 7)		198,563,092	576,782,005
		210,286,108	638,213,638
Equity:			
Retained earnings		3,702,479	446,120
Commitments and contingencies (note 9)			
	$	213,988,587	638,659,758

See accompanying notes to financial statements.

SASKATCHEWAN CROP INSURANCE CORPORATION

Statement of Operations and Retained Earnings

Year ended March 31, 1991 with comparative figures for 1990

	1991	1990 (restated)
Revenue:		
Gross premiums (less experience discounts - $6,395,524; 1990 - $5,926,686)	$ 121,163,610	132,122,366
Province of Saskatchewan contributions	57,583,426	–
Government of Canada contributions	57,583,426	129,070,230
	236,330,462	261,192,596
Less premiums ceded:		
Crop Reinsurance Fund of Canada for Saskatchewan	34,550,056	38,721,069
Crop Reinsurance Fund of Saskatchewan	34,550,056	38,721,069
	69,100,112	77,442,138
Net premiums	167,230,350	183,750,458
Interest on investments	1,098,086	5,280,969
Interest on overdue accounts	1,998,334	2,432,671
Reinsurance revenue:		
Crop Reinsurance Fund of Canada for Saskatchewan	–	153,866,948
Crop Reinsurance Fund of Saskatchewan	16,503,372	104,958,409
	186,830,142	450,289,455
Expenditures:		
Indemnities	184,868,258	449,653,069
Doubtful accounts	503,295	936,386
Interest	1,458,589	–
	186,830,142	450,589,455
Income (loss) from insurance operations	–	(300,000)
General administration revenue (expenditures) (Schedule 1)	3,256,359	(335,250)
Net income (loss)	3,256,359	(635,250)
Retained earnings, beginning of year		
As previously reported	309,550	1,081,370
Adjustment to reflect change in accounting for fixed assets (note 3)	136,570	–
As restated	446,120	1,081,370
Retained earnings, end of year	$ 3,702,479	446,120

See accompanying notes to financial statements.

SASKATCHEWAN CROP INSURANCE CORPORATION

Statement of Changes in Financial Position

Year ended March 31, 1991, with comparative figures for 1990

		1991	1990 (restated)
Cash provided by (used in):			
Operations:			
Net income (loss)	$	3,256,359	(635,250)
Item not involving cash:			
Depreciation		672,760	15,174
Change in non-cash operating working capital:			
(Increase) decrease in inventory		(221,229)	10,855
Increase in prepaid expenses		(23,934)	(104,177)
Decrease (increase) in accounts receivable		13,370,551	(27,333,309)
Increase in premiums receivable		(5,917,302)	(2,584,834)
Decrease (increase) in due from Crop Reinsurance Fund of Saskatchewan		18,046,684	(66,237,340)
Increase in accounts payable		808,559	6,150,772
(Decrease) increase in indemnities payable		(4,395,869)	1,361,387
Decrease (increase) in due from Crop Reinsurance Fund of Canada for Saskatchewan		404,702,164	(154,885,167)
		430,298,743	(244,241,889)
Financing:			
(Decrease) increase in due to Minister of Finance		(378,218,913)	150,000,000
Proceeds from capital lease obligations		2,534,966	2,299,715
Repayment of capital lease obligations		(21,063)	–
		(375,705,010)	152,299,715
Investments:			
Purchase of fixed assets		(1,322,954)	(2,451,459)
Increase (decrease) in cash		53,270,779	(94,393,633)
Cash (outstanding cheques less cash in bank) and investments, beginning of year		(47,086,469)	47,307,164
Cash (outstanding cheques less cash in bank) and investments, end of year	$	6,184,310	(47,086,469)
Represented by:			
Cash (outstanding cheques less cash in bank)	$	1,012,048	(48,635,210)
Investments		5,172,262	1,548,741
	$	6,184,310	(47,086,469)

See accompanying notes to financial statements.

SASKATCHEWAN CROP INSURANCE CORPORATION

Notes to Financial Statements

March 31, 1991

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1. **Status of corporation:**

The Saskatchewan Crop Insurance Corporation operates under the authority of the Crop Insurance Act.

Under the provisions of the Crop Insurance Act, the Corporation's general purpose is to provide reasonably priced crop insurance to Saskatchewan farmers against losses resulting from various natural disasters.

2. **Significant accounting policies:**

Fixed assets:

Fixed assets are stated at cost less accumulated depreciation (see note 3). Leases transferring substantially all of the benefits and risks incident to ownership of fixed assets are accounted for as an acquisition of fixed assets financed by a long-term liability.

Depreciation is provided on a straight-line basis over the estimated useful lives of the assets, at the following annual rates:

Business machines and equipment	20%
Computer equipment and software under capital lease	20%

Inventory:

Inventory represents office supplies on hand at the end of the year which are valued at cost. The Corporation has adopted the first in, first out method of cost determination for valuation purposes.

Investments:

Short-term investments are recorded at cost which approximates market value.

2. Significant accounting policies (continued):

Indemnities payable:

The provision for indemnities payable includes the cost of indemnities reported and processed but not paid and an estimate, based on the average loss for crops suffering the same type of damage, for those indemnities that had been reported but not processed at year-end. The amount of the estimate for the current year is $145,791 (1990 - $173,687).

Cost sharing:

A. Contributions:

Under the terms of the Canada/Saskatchewan Crop Insurance Agreement, the Government of Canada is required to reimburse the Province for its share of the contributions the Province has made to the Saskatchewan Crop Insurance Fund in accordance with the terms of The Crop Insurance Act (Canada).

Section 11(4) of The Crop Insurance Act (Saskatchewan) provides that the Minister of Finance of the Province of Saskatchewan may pay out of the Consolidated Fund into the Saskatchewan Crop Insurance Fund in each fiscal year contributions not exceeding the total of the amounts that insured persons have paid as premiums in respect of contracts of insurance in that fiscal year. Premiums paid for the purposes of this calculation are net of discounts and exclude interest, surcharges and penalties.

2. Significant accounting policies (continued):

Cost sharing (continued):

B. Reinsurance Funds:

The Canada/Saskatchewan Crop Insurance Agreement between the Governments of Saskatchewan and Canada provides for two reinsurance funds.

(i) The Crop Reinsurance Fund of Saskatchewan - to be administered by the Government of Saskatchewan, and

(ii) The Crop Reinsurance Fund of Canada for Saskatchewan - to be administered by the Government of Canada.

To the extent that payments are required out of the Reinsurance Funds, the Government of Saskatchewan or the Crop Reinsurance Fund of Saskatchewan will be responsible firstly for an amount not exceeding 2-1/2% of the total liability under policies in force in the insurance year. The balance of indemnities to be paid are shared 75% by Canada and 25% by Saskatchewan out of the respective Reinsurance Funds.

3. Change in accounting policy:

The Corporation has changed its method of recording fixed asset purchases. Such expenditures, previously expensed, are now being capitalized and depreciated over the estimated useful life of the related capital asset. This change has been applied retroactively and has increased fixed assets by $2,436,285, capital lease obligation by $2,299,715 and retained earnings at March 31, 1990 by $136,570 and reduced the net loss for the year ended March 31, 1990 by $136,570.

4. Accounts receivable:

The accounts receivable of the Corporation at the end of the year include the following:

		1991	1990
General administration	$	214,496	248,177
Agent commissions receivable		–	135,340
Agent computer loan receivable		1,101,211	–
Due from Minister of Finance under Federal Provincial Crop Insurance Agreement		16,239,009	30,541,750
	$	17,554,716	30,925,267

5. Fixed assets, at cost less accumulated depreciation:

			1991	1990
				(restated)
	Cost	Accumulated depreciation	Net book value	Net book value
Business machines and equipment	$ 885,099	716,297	168,802	136,570
Computer equipment under capital lease	3,553,135	635,458	2,917,677	2,299,715
	$ 4,438,234	1,351,755	3,086,479	2,436,285

6. Capital lease obligation:

The future minimum lease payments (net of applicable taxes) under capital leases are as follows:

	1991	1990 (restated)
1991	$ –	130,831
1992	1,126,276	567,140
1993	1,215,063	615,140
1994	1,469,720	663,140
1995	1,517,720	711,140
1996	935,975	390,580
1997	113,935	–
	6,378,689	3,077,971
Less: amounts representing interest, at rates varying from 11.0% to 13.25%	(1,565,071)	(778,256)
Obligations under capital lease	$ 4,813,618	2,299,715

7. Due to Minister of Finance:

	1991	1990
The amount due the Minister of Finance is subject to interest as determined by the Province of Saskatchewan based upon the Province's short-term borrowing rate, and is paid by way of an appropriation for financing costs from the Province.	$198,563,092	576,782,005

8. Related party transactions:

Included in these financial statements are expense amounts resulting from routine operating transactions conducted at prevailing market prices with various Saskatchewan Crown controlled departments, agencies and corporations with which the Corporation is related.

Account balances resulting from these transactions are included in the statement of financial position and are settled on normal trade terms.

9. Commitments and contingencies:

Commitments:

The Corporation is committed to several leases for office space with annual rental payments of $527,590.

Contingencies:

Various legal actions for additional indemnity payments have been commenced against the Corporation which the Corporation is actively defending. While the outcome of these claims cannot be determined, management is of the opinion that the outcome of these actions will not have a material impact on the Corporation's financial position.

SASKATCHEWAN CROP INSURANCE CORPORATION

Schedule 1 - General Administration Operations

Year ended March 31, 1991 with comparative figures for 1990

	1991	1990 (restated)
Revenue:		
Province of Saskatchewan - net operating grant	$ 25,841,800	15,268,500
Province of Saskatchewan - financing grant (note 7)	36,578,000	–
Assignment surcharges	111,150	139,900
Interest on investments	552,297	153,899
Adjusting waterfowl, wildlife and lure crops	95,241	165,919
Drought assistance program	–	122,592
Miscellaneous	160,919	87,540
	63,339,407	15,938,350
Expenditures:		
Agent commissions	7,306,120	183,650
Advertising	503,829	369,731
Board of directors meetings	102,818	108,405
Computer and analyst services	759,774	536,733
Depreciation	672,760	15,174
Employee benefits	987,674	1,089,252
Equipment rental	98,729	102,050
Freight and messenger services	26,215	33,540
Inspection fees	8,366	106,175
Interest expense under capital lease obligation	403,319	–
Interest expense to Minister of Finance (note 7)	36,578,000	–
Professional fees	345,464	344,254
Office rental	530,969	647,682
Office supplies	148,179	246,018
Postage	245,288	360,599
Printing and duplicating	309,402	323,026
Repairs and other services	48,971	83,362
Salaries	8,190,674	9,034,591
Telephone	432,125	309,550
Travel and sustenance	2,159,372	2,379,808
	59,858,048	16,273,600
Transfer to Waterfowl Crop Damage Compensation Program	225,000	–
	60,083,048	16,273,600
General administration revenue (expenditures)	$ 3,256,359	(335,250)

See accompanying notes to financial statements.

KPMG Peat Marwick Thorne

Financial Statements of

Crop Reinsurance Fund of Saskatchewan

Year ended March 31, 1991

CROP REINSURANCE FUND OF SASKATCHEWAN

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March 31, 1991

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AUDITORS' REPORT

To the Members of the Legislative Assembly
Province of Saskatchewan

We have examined the balance sheet of the Crop Reinsurance Fund of Saskatchewan as at March 31, 1991 and the statement of revenue, expenditure and fund deficiency for the year then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. These standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 1991 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Peat Marwick Thorne

Chartered Accountants

Regina, Canada

May 30, 1991

Member Firm of
Klynveld Peat Marwick Goerdeler

CROP REINSURANCE FUND OF SASKATCHEWAN

Balance Sheet

March 31, 1991 with comparative figures for 1990

	1991	1990
Liability and Fund Deficiency		
Liability:		
Due to Saskatchewan Crop Insurance Corporation (Note 3)	$ 176,951,595	194,998,279
Fund deficiency	(176,951,595)	(194,998,279)
	$ –	–

See accompanying notes to financial statements.

CROP REINSURANCE FUND OF SASKATCHEWAN

Statement of Revenue, Expenditure and Fund Deficiency

Year ended March 31, 1991 with comparative figures for 1990

		1991	1990
Revenue:			
Premium ceded from Saskatchewan Crop Insurance Corporation	$	34,550,056	38,721,069
Expenditure:			
Reinsurance paid to Saskatchewan Crop Insurance Corporation		16,503,372	104,958,409
Excess (deficiency) of revenue over expenditure		18,046,684	(66,237,340)
Fund deficiency, beginning of year		194,998,279	128,760,939
Fund deficiency, end of year	$	176,951,595	194,998,279

See accompanying notes to financial statements.

CROP REINSURANCE FUND OF SASKATCHEWAN

Notes to Financial Statements

March 31, 1991

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1. Status of the fund:

The Canada/Saskatchewan Crop Insurance Agreement between the Governments of Saskatchewan and Canada provides for the establishment of two reinsurance funds:

i) The Crop Reinsurance Fund of Saskatchewan - which is administered by the Government of Saskatchewan, and

ii) The Crop Reinsurance Fund of Canada for Saskatchewan - which is administered by the Government of Canada.

2. Significant accounting policies:

Premiums ceded from Saskatchewan Crop Insurance Corporation

Under the terms of the agreement indicated in Note 1, the Saskatchewan Crop Insurance Corporation is required to pay premiums ceded into the Reinsurance Funds based on premiums received during the insurance year.

Liability for claim payments from the Reinsurance Funds

As provided for in the agreement indicated in note 1, payments may be made out of the Reinsurance Funds if indemnities required to be paid in an insurance year exceed the aggregate of:

a) the premium receipts for the year less reinsurance premiums ceded.

2. Significant accounting policies (continued):

Liability for claim payments from the Reinsurance Funds (continued)

b) the reserve fund balance of the Saskatchewan Crop Insurance Corporation - Insurance operation.

To the extent that payments are required out of the Reinsurance Funds, the Crop Reinsurance Fund of Saskatchewan or the Government of Saskatchewan will be responsible firstly for an amount not exceeding 2-1/2% of the total liability under policies in force in the insurance year.

The balance of indemnities to be paid would be shared 75% by Canada and 25% by Saskatchewan out of the respective Reinsurance Funds excepting that Saskatchewan will not firstly be responsible for any amounts described in the preceding paragraph if Saskatchewan has not been repaid for amounts previously paid under that paragraph and the amounts not repaid exceed 16-2/3% of the total liability under policies of insurance in force in that year.

3. Due to Saskatchewan Crop Insurance Corporation:

The balance due to Saskatchewan Crop Insurance Corporation represents:

a) the difference between the estimated premium ceded during the year and the actual calculated for the year based on the gross premium collected; and

b) the difference between the estimated claim submitted by the Corporation based on the estimated indemnities payable and the actual reinsurance claims calculated at the year end.

3. Due to Saskatchewan Crop Insurance Corporation (continued):

The Province of Saskatchewan, pursuant to the agreement described in Note 1, has agreed to make interest free advances to the Crop Reinsurance Fund of Saskatchewan so that the Reinsurance Fund can meet its obligations to the Saskatchewan Crop Insurance Corporation.

ANALYSIS OF INSURANCE

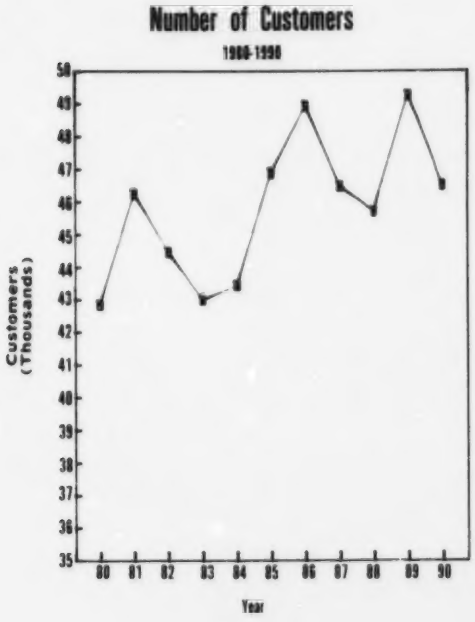
Canada-Saskatchewan Crop Insurance Program
Comparative Statistics
Coverage and Premium

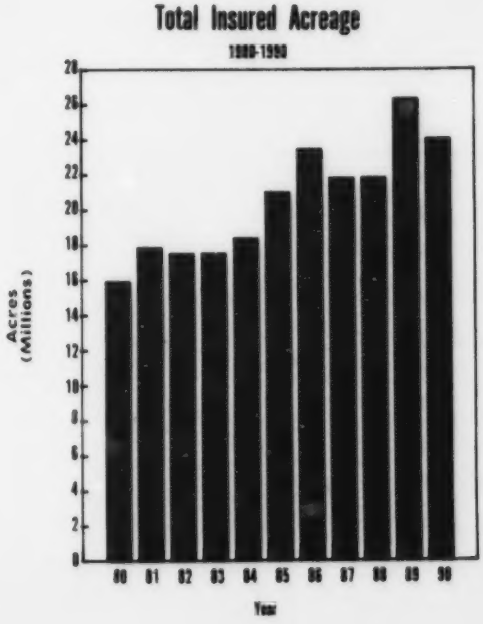
	Insurance Coverage	Average Coverage	Customer's Net Premium	Average Premium	Average Rate(%)
1961-62	306,500	1,580	23 925	123	7.8
1962-63	2,319,000	1,734	171 284	128	7 4
1963-64	3,683,000	1,648	275 645	123	7 5
1964-65	4,088,000	1,735	278 926	118	6 8
1965-66	4,566,000	1,440	290 708	92	6 4
1966-67	12,125,000	1,734	743 154	106	6 1
1967-68	15,910,000	1,938	941 146	115	5 9
1968-69	27,165,000	2,201	1 719 898	139	6 3
1969-70	21,194,000	1,821	1 320 748	113	6 2
1970-71	9,039,200	995	567 835	63	6 3
1971-72	14,625,000	1,854	782 908	99	5 4
1972-73	29,840,005	2 519	1 821 463	154	6 1
1973-74	140,436,128	5,874	6 780 470	284	4 8
1974-75	288,263,532	9,177	14 536 220	463	5 0
1975-76	405,089,832	10,604	19 821 549	506	4 9
1976-77	542,207,973	13 852	25 986 032	664	4 8
1977-78	704,688,894	14 944	34 761 664	736	4 9
1978-79	708,193,202	16,457	33 258 275	773	4 7
1979-80	721,821,633	17,976	33,065,306	824	4 6
1980-81	935,838,614	21,840	41,457,643	968	4 4
1981-82	1,162,172,942	25,123	53,612,350	1,159	4 6
1982-83	1,233,908,814	27,748	56,458,215	1,270	4.6
1983-84	1,254,906,517	29,184	56,017,456	1,303	4.5
1984-85	1,345,493,742	30,971	62,690,884	1,443	4.7
1985-86	1,558,492,595	33,234	76,052,344	1,622	4.9
1986-87	1,778,772,508	36,337	88,008,642	1,798	4.9
1987-88	1,161,135,578	24,975	61,969,782	1,333	5.3
1988-89	1,159,096,010	25,352	63,265,513	1,384	5.5
1989-90	1,942,011,401	39,418	132,122,366	2,632	6.8
1990-91	1,713,501,461	36,831	121,163,610	2,604	7.1

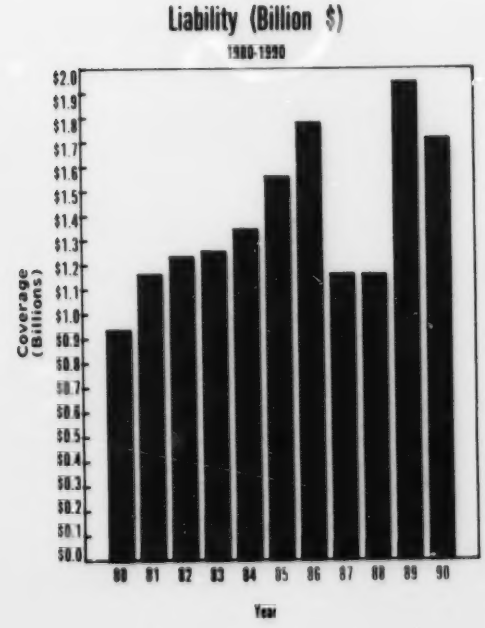
Customers and Liability by Risk Area

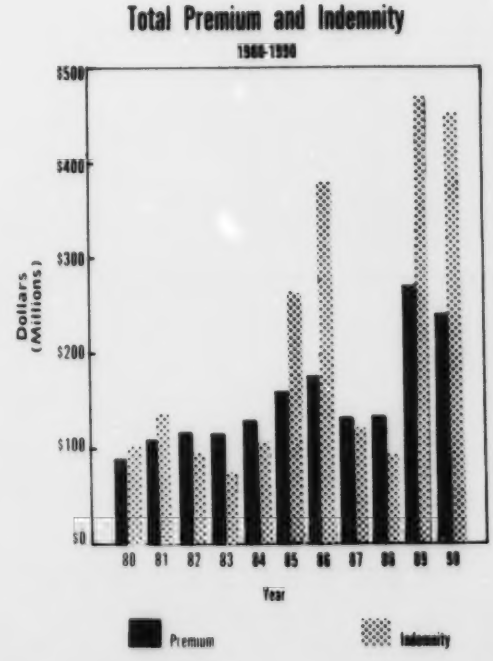
Risk Areas	Total Customers 1989	Total Customers 1990	Total Liability 1989	Total Liability 1990
1	1,146	1,207	53,888,476.80	52,342,530.80
2	1,452	1,392	52,718,980.88	46,196,367.46
3	2,317	2,056	78,801,548.19	62,209,598.39
4	1,082	976	45,851,953.44	38,027,897.58
5	1,348	1,275	48,760,237.65	45,161,191.90
6	3,083	2,812	109,633,133.10	90,934,338.00
7	2,083	1,944	70,842,633.72	61,862,715.52
8	3,068	2,884	130,050,295.01	106,923,001.74
9	1,373	1,233	46,939,962.93	36,116,267.70
10	2,566	2,416	92,357,448.18	73,169,980.94
11	3,172	2,887	98,734,496.19	85,598,258.89
12	1,892	1,746	78,266,231.40	61,222,330.87
13	545	533	27,080,386.61	20,872,700.88
14	3,350	3,086	109,864,095.53	100,504,330.59
15	3,917	3,713	159,944,981.96	144,063,673.25
16	4,973	4,751	241,599,744.83	201,537,405.47
17	4,058	3,911	160,449,026.94	157,228,190.50
18	1,780	1,733	72,832,703.21	66,473,892.55
19	601	572	29,546,555.68	26,613,855.25
20	1,487	1,497	79,327,643.15	81,362,531.89
21	2,019	1,996	80,286,105.87	81,339,631.08
22	1,099	1,038	43,748,514.23	42,347,140.27
23	856	865	30,486,245.51	31,393,629.15
	49,267	46,523	1,942,011,401.01	1,713,501,460.67

ANALYSIS OF INSURANCE

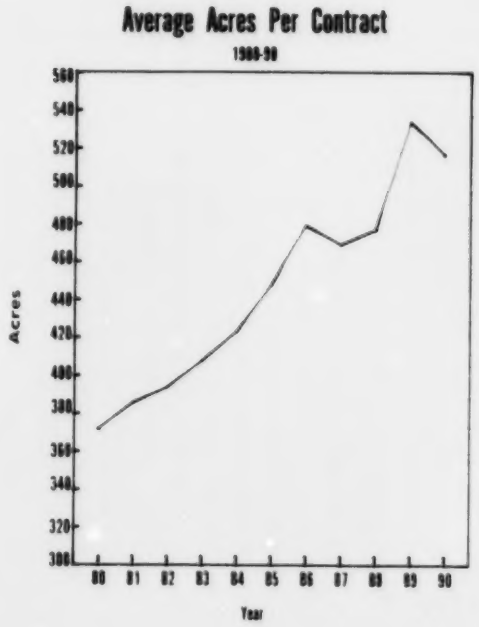


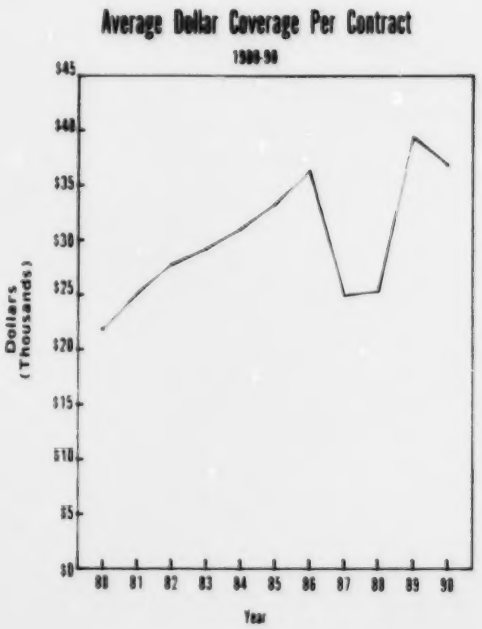


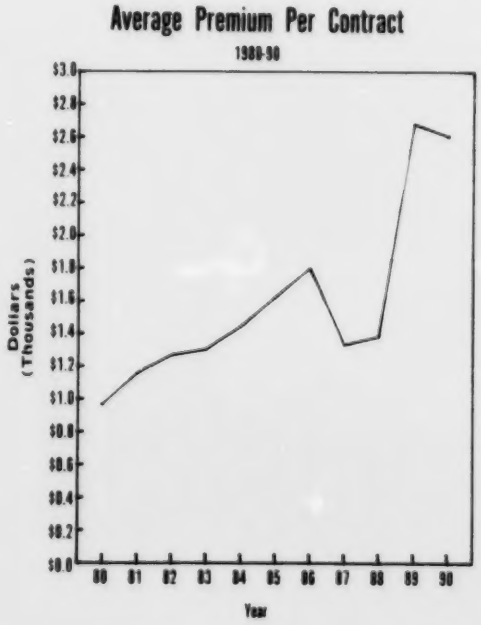


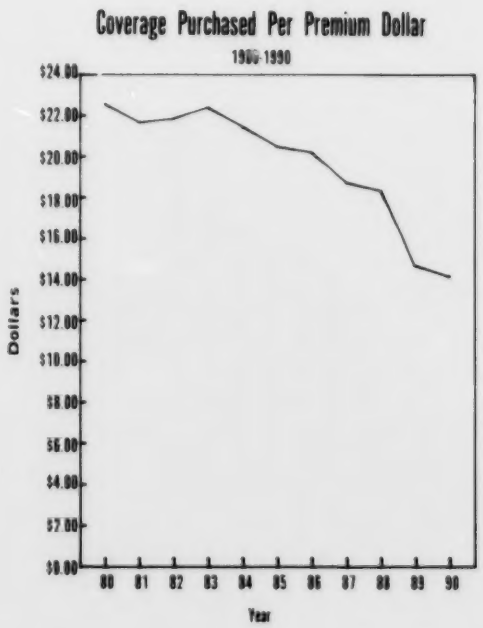


ANALYSIS OF INSURANCE









ANALYSIS OF INSURANCE

Summary of experience

Year	No. of Customers	Revenue* Total	Revenue* Govt. of Can.	Indemnities Paid Number	Indemnities Paid Amount	Loss to Revenue Ratio by Year	Loss to Revenue Ratio Accumulated
1961-62	194	$ 31,586	$ 6,275	169	$ 129,669	4.11	4.11
1962-63	1,337	224,611	43,161	147	61,651	0.27	0.75
1963-64	2,235	372,180	69,657	38	9,285	0.02	0.32
1964-65	2,357	370,342	69,144	240	137,926	0.37	0.34
1965-66	3,172	402,388	74,021	301	123,304	0.31	0.33
1966-67	6,989	1,010,907	184,907	161	107,978	0.11	0.24
1967-68	8,211	1,377,099	313,499	887	497,118	0.36	0.28
1968-69	12,343	2,476,308	559,921	1,683	1,607,853	0.65	0.43
1969-70	11,637	2,007,405	427,616	553	385,787	0.19	0.37
1970-71	9,083	1,050,640	195,667	213	104,338	0.10	0.34
1971-72	7,890	1,349,366	259,933	206	142,930	0.11	0.31
1972-73	11,844	2,773,108	597,050	1,654	1,262,763	0.46	0.34
1973-74	23,909	14,341,387	6,688,320	8,484	7,730,305	0.54	0.44
1974-75	31,411	30,597,743	14,158,291	23,505	32,898,379	1.08	0.77
1975-76	38,209	40,960,627	19,985,427	24,444	28,392,087	0.69	0.74
1976-77	39,143	53,785,749	26,160,037	15,092	22,401,840	0.42	0.63
1977-78	47,156	72,441,650	34,446,565	21,915	36,862,9[illegible]	0.51	0.59
1978-79	43,032	72,720,436	33,553,882	17,389	29,419,[illegible]	0.41	0.54
1979-80	40,154	76,378,011	34,426,225	39,050	103,835,041	1.34	0.71
1980-81	42,850	88,489,170	42,202,922	35,907	135,708,452	1.53	0.87
1981-82	46,259	108,487,827	52,871,324	29,167	92,280,986	0.85	0.86
1982-83	44,469	115,954,971	56,364,777	23,967	74,157,729	0.64	0.83
1983-84	43,000	114,633,673	55,620,789	26,804	105,243,197	0.92	0.84
1984-85	43,443	128,028,555	63,356,964	51,853	259,864,151	2.03	1.00
1985-86	46,894	158,212,616	77,211,976	57,693	377,180,151	2.33	1.20
1986-87	48,952	174,309,078	82,680,545	29,161	119,054,329	0.68	1.13
1987-88	46,492	130,869,228	64,143,405	25,547	87,240,750	0.67	1.09
1988-89	45,721	132,272,053	64,575,110	74,987	465,603,032	3.52	1.30
1989-90	49,267	268,906,236	129,070,230	57,064	449,653,069	1.67	1.36
1990-91	46,523	239,426,882	57,583,426	36,538	186,326,847	0.78	1.29

*Revenue includes premiums from farmers, premium contributions by Government of Canada, interest on bank balances, investments and notes receivable.

Acres Insured

	Durum	Wheat Spring	Barley	Oats	Flax	Canola	Fall Rye	Sun Flowers	Utility Wheat	Mustard	Field Peas	Forage	Lentils	Canary Seed	Spring Rye	Faba-Beans	Winter Wheat	Soft White Spring Wheat	Sweet Clover	Triti-Cale	Canada Prairie Spring Wheat	Total	Aver-Age
1961-62		28,600	1,740	3,160																		31,700	160
1962-63		180,000	18,400	27,800																		226,000	169
1963-64		304,600	29,200	38,000																		371,800	166
1964-65		414,700	25,800	23,000																		463,500	197
1965-66		512,200	37,100	21,200																		570,500	180
1966-67		1,182,600	143,000	20,600																		1,346,200	193
1967-68		1,593,000	190,000	23,000																		1,806,000	220
1968-69		2,742,000	214,000	35,000																		2,991,000	242
1969-70		2,145,000	216,000	37,000																		2,398,500	206
1970-71	137,400	579,500	262,500	24,400																		1,003,800	111
1971-72	149,000	1,040,200	250,600	24,800																		1,464,500	186
1972-73	385,088	1,613,505	362,166	40,855	41,267	146,301																2,588,182	218
1973-74	715,544	4,731,716	1,008,656	234,891	153,252	388,380	2,177	1,050														7,235,666	303
1974-75	1,360,053	5,615,440	1,507,827	430,933	218,854	545,896	14,054	190	42,295	68,880												9,804,422	312
1975-76	2,072,676	6,673,045	1,519,288	559,950	227,902	881,834	29,722	829	67,105	33,871												12,066,222	316
1976-77	1,870,193	8,452,752	1,389,155	549,122	90,225	328,818	49,101	570	60,345	17,950	3,287											12,811,518	327
1977-78	1,216,880	10,367,504	2,246,807	746,651	365,647	774,775	47,929	2,291	264,967	73,457	9,919											16,116,827	342
1978-79	2,266,101	8,692,868	1,631,337	476,210	221,894	1,415,738	83,014	2,004	226,913	73,363	9,814	9,243										15,108,499	351
1979-80	1,721,750	8,706,489	1,270,343	361,241	386,897	1,616,044	76,076	4,128	58,068	44,418	12,789	8,223	13,941	24,075	4,858							14,309,340	356
1980-81	2,147,814	9,783,115	1,795,748	480,810	247,139	1,085,158	89,389	10,632	44,046	110,742	17,569	10,764	43,400	50,881	13,493							15,930,700	371
1981-82	2,749,049	11,097,416	2,180,806	546,035	210,676	686,360	138,233	4,791	37,515	75,290	15,942	13,793	44,848	39,962	18,022	152						17,849,890	386
1982-83	2,237,746	11,250,517	2,049,734	461,074	275,290	757,199	147,036	3,601	34,773	49,725	26,530	38,730	63,902	89,761	25,008	370						17,510,996	390
1983-84	2,087,304	11,854,822	1,614,460	326,370	123,665	1,112,926	135,117	1,306	25,787	93,580	21,594	14,825	56,294	47,883	8,072	1,177						17,525,182	408
1984-85	2,561,121	10,931,701	1,823,475	376,268	372,201	1,770,049	105,569	5,895	58,823	164,691	28,907	23,615	76,035	67,907	9,133	2,010						18,377,400	423
1985-86	2,899,744	11,853,170	2,218,712	469,229	450,229	1,803,123	118,634	6,103	167,936	222,031	43,798	99,934	110,489	84,892	23,484	1,017	416,257	9,329				20,991,245	450
1986-87	3,172,596	13,298,153	2,394,632	468,090	501,806	1,663,883	187,634	6,493	156,036	271,288	102,565	202,039	218,964	131,153	29,369	2,599	602,306	11,301	29,649	2,887		23,455,443	479
1987-88	3,710,793	11,674,712	2,497,283	456,691	351,599	1,627,739	164,669	11,334	59,578	117,443	206,548	99,218	333,353	158,996	15,219	4,387	264,277	4,468	46,785	2,079		21,807,171	469
1988-89	3,880,322	10,840,175	2,090,117	628,814	312,559	2,586,023	138,679	10,529	58,419	247,822	235,656	204,744	185,885	183,337	20,727	12,370	130,624	2,262	39,966	1,711		21,810,741	477
1989-90	4,684,235	12,070,775	2,759,566	758,462	533,851	2,795,868	330,134	10,019	58,177	361,354	96,573	916,801	166,849	244,304	18,008	983	51,912	2,043	27,677	1,166		25,388,756	214
1990-91	3,580,820	12,962,716	2,372,150	444,078	655,579	2,065,296	227,450	8,102	44,891	361,373	75,248	643,922	199,668	243,712	15,828	575	68,391	2,972	17,066	5,115	53,817	24,048,769	46

Extended Coverage On Unseeded Acres

1975-76 — 673,676	1978-79 — 66,645	1981-82 — 17,553	1984-85 — 12,634	1987-88 — 4,808	1990-91 — 1,201
1976-77 — 338,826	1979-80 — 149,288	1982-83 — 23,335	1985-86 — 92,306	1988-89 — 510	
1977-78 — 74,011	1980-81 — 55,735	1983-84 — 35,554	1986-87 — 43,521	1989-90 — 1,599	

1990-91 Irrigation Summary

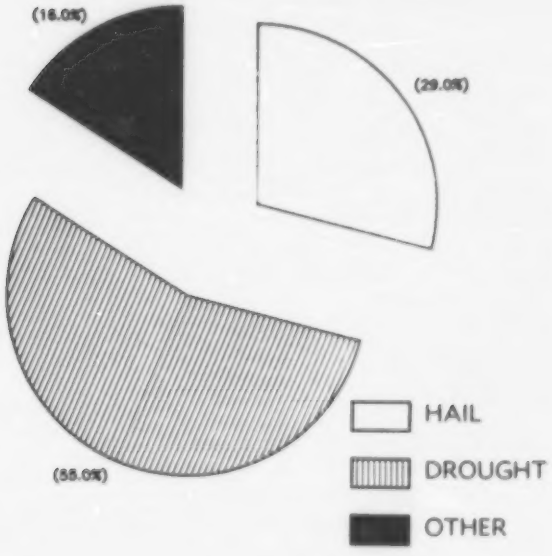
Number of Acres

	Spring Wheat	Durum Wheat	Utility Wheat	Barley	Oats	Flax	Canola	Mustard	Lentils	Canary Seed	Faba-Beans	Field Peas	Fall Rye	Winter Wheat	Soft White Spring Wheat	Triticale	Canada Prairie Spring Wheat	Prov. Total
1981-82	7,122	2,574	—	3,741	367	569	545	130	245									15,293
1982-83	10,796	1,178	67	3,765	226	798	912	153	290	630	—	—	—	—	—	—	—	18,815
1983-84	14,075	1,721	—	2,522	102	231	2,651	160		7	57	—	—	—	—	—	—	21,526
1984-85	7,457	2,519	1,099	3,325	307	1,348	5,328	724	322	27	71	—	—	—	—	—	—	32,537
1985-86	10,358	1,898	3,947	4,832	730	3,168	6,327	2,102	1,117	105	346	160	—	563	9,229	—	—	44,882
1986-87	10,180	2,206	2,944	7,380	1,113	3,524	6,880	1,041	4,028	379	812	968	—	79	10,377	—	—	51,911
1987-88	12,158	4,839	330	5,339	600	3,147	5,026	145	2,630	913	409	1,908	—	0	4,348	—	—	41,912
1988-89	9,917	5,413	536	6,906	1,703	2,381	9,406	330	708	681	530	1,754	—	260	2,262	—	—	42,787
1989-90	10,061	13,622	693	5,993	1,760	6,218	4,670	1,181	617	805	57	976	14	0	2,043	—	—	48,710
1990-91	10,681	9,054	162	4,938	522	5,938	5,283	1,322	1,324	652	205	495	0	0	2,471	43	1,228	44,318

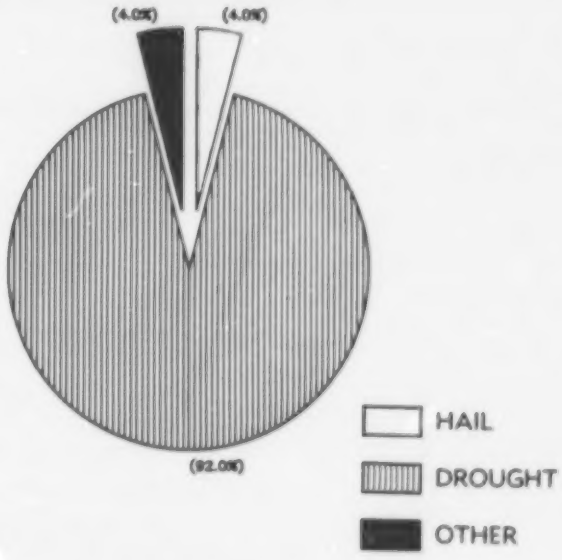
ANALYSIS OF INSURANCE

Causes of Loss

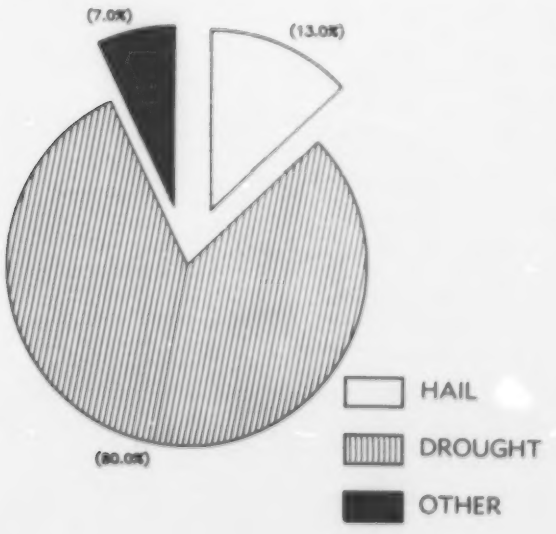
1987 Causes of Loss



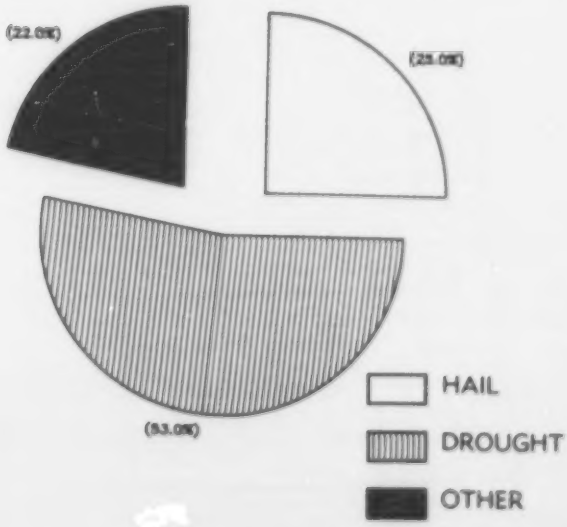
1988 Causes of Loss



1989 Causes of Loss



1990 Causes of Loss



LIVESTOCK FEED INSURANCE PROGRAM

1990 Provincial Statistics

	Number Of Contracts	Number Of Contracts Receiving Indemnity	Number Of Acres	Number Of Animal Units	Liability	Indemnity	Full Premium
Forage	11,379	8,050	619,415	599,310	76,904,976	25,443,505	16,894,618
Establishment Benefit	268	*	24,507	N.A.	356,630	49,492	64,844

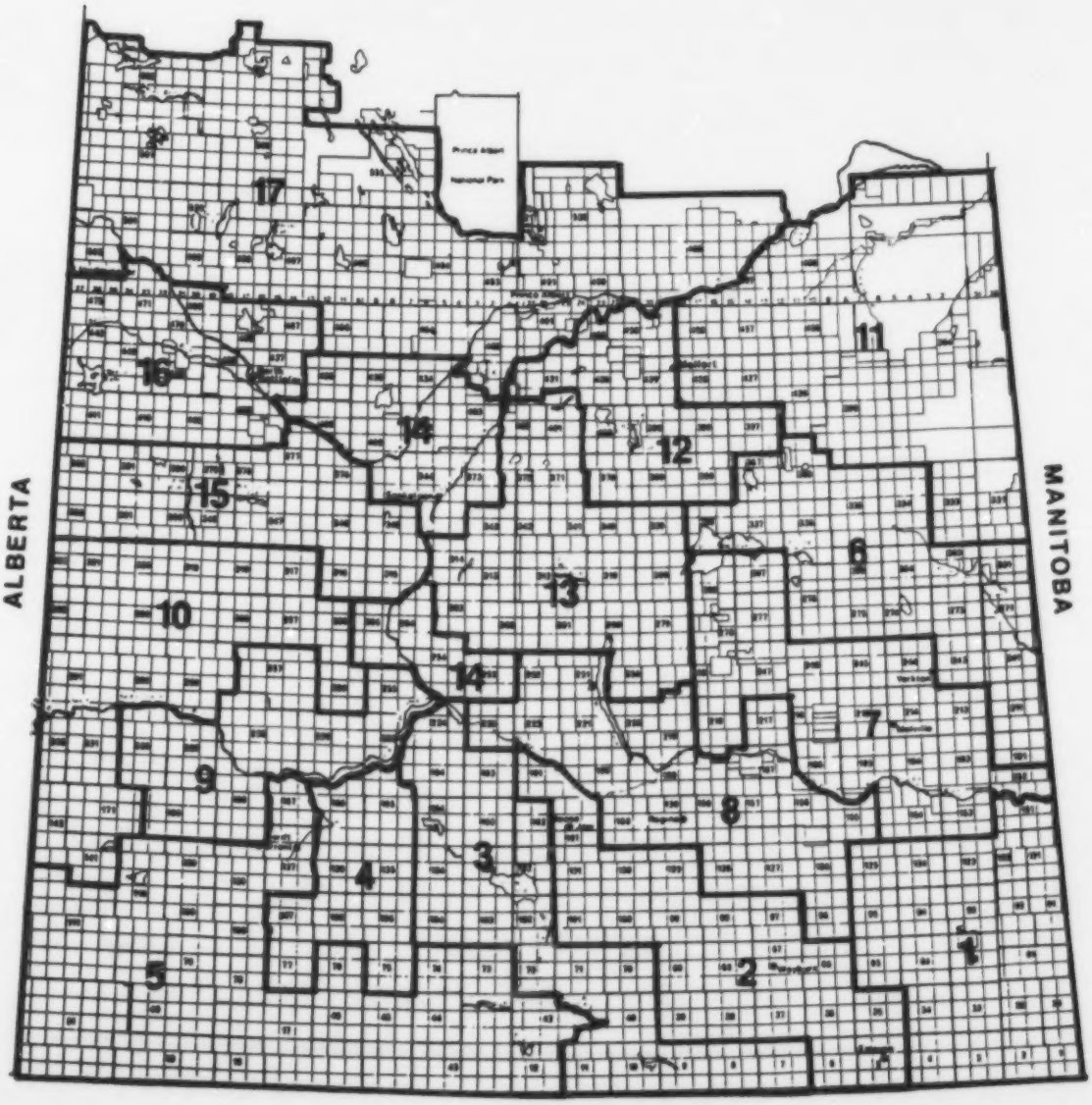
*Not available

APPENDIX A

Grain, Oilseed and Special Crop Risk Areas

APPENDIX B

Forage Risk Areas



APPENDIX C

Customer Service Office Districts